

WITH SPECIAL ATTENTION TO EFFECTIVENESS, EFFICIENCY AND SUSTAINABILITY

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Abstract. This paper discusses the role of local partnerships in promoting competitive and sustainable rural development, and the experiences of implementing LEADER approach from the perspective of effectiveness, efficiency and sustainability. In the late 1980s, the EU's rural development policy shifted towards endogenous development, as introduced into the practice of rural development in the framework of the LEADER programme. The basic institutions of implementing the LEADER approach are the LAGs (Local Action Groups as local partnerships), which have a great role in the local development with their proactive operation. Due to the ever-increasing role of the LEADER approach played in realization of rural development policy the LAGs have become key actors of the institutional system of rural development. Their operation can effectively contribute to the realization of the European rural development policy at local level, to the competitive and sustainable development of their area. Compliance with this role requires an active and conscientious work of the LAGs both in the process of programming and implementation. The impact assessment of implementing LEADER approach showed that in spite of several positive examples, there are many factors which hinder the wide adoption of the features of the programme into practice, thus realization of results and impacts expected from it in the process of local development. Therefore, it is absolutely necessary to maintain and strengthen the factors of success and to avoid factors which weaken or hinder the effective adaptation of the method. Thereby it can be hoped that the possibilities provided by the LEADER approach can be utilized in the local rural development.

JEL Classification: D74, D78, H79, H83, J18, Q01, Q18, Q19, R11, R58

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1. Introduction

During the 1980s throughout Western Europe the need to the new approach of rural development raised in order to counterbalance the unfavourable effects of the significant socio-economic changes, to meet the new challenges and

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to answer the specific development needs of rural areas. As a result, in the EU's rural development policy the emphasis was put on the application of endogenous development which was introduced into the practice of rural development in the framework of the LEADER programme.

Due to the ever-increasing role of the LEADER approach played in realization of rural development policy the Local Action Groups (LAGs) have become key actors of the institutional system of rural development. By way of their activity in supporting and improving the local development they mean a spatial organizing force in rural regions. Their operation can effectively contribute to the realization of the European rural development policy at local level, to the competitive and sustainable development of their area. The timeliness and importance of the topic is supported by the fact that the significance of applying the LEADER method in rural development is on the increase within the EU. On 18 November 2010, Dacian Cioloş, EU Commissioner for Agriculture and Rural Development presented the Commission Communication on the future of the CAP post 2013, and stressed that the new CAP will further integrate the LEADER approach (CEC, 2010). This is showing up in the proposal for a new rural development regulation, published by the European Commission in October 2011, according to which the LEADER approach will continue to play a key role in the development of rural areas and the spreading of innovation (CEC, 2011).

2. Endogenous development and the LEADER approach

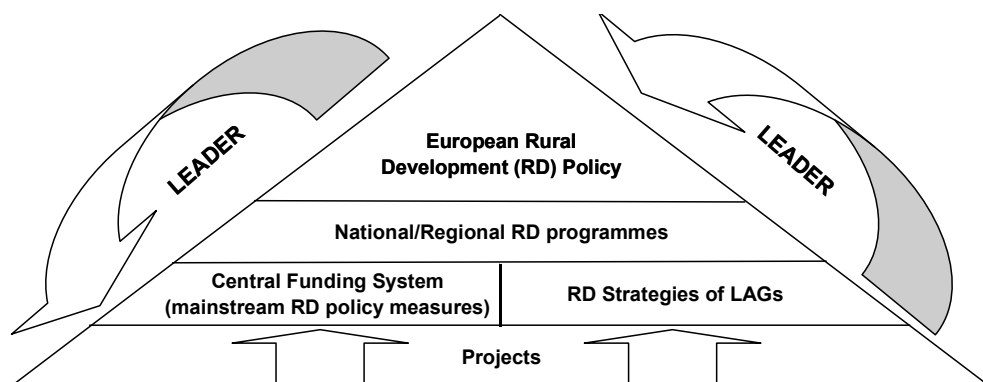
Previously, the decision makers considered rural regions as homogenous areas where the same factors and possibilities determine the development. As the European Spatial Development Perspective (CEC, 1999) pointed out, this attitude does not correspond to the realities of the EU, as the characteristic of the European countryside is varied and diverse, which appears in the diversity of people and the communities as well as nature, landscapes and activities. Consequently, development possibilities and trends of rural areas represent significant differences. All this makes it necessary for development programmes and measures to take local features and specificities into consideration. So, different means and different policies must be applied for their development. According to Szörényiné Kukorelli (2005), high levels of differentiation in rural areas contributed to the evolution of the characteristically European model of rural development as mentioned above in the 1990s, promoting local developments by introducing bottom-up policies. Consequently, sustainable rural development based on local consensus can only be realized by strengthening local society, by increasing its ability to assert interests; therefore solutions and strategies to boost the above are required to be implemented. An innovative solution for this is provided by the LEADER programme called into life by the European Commission, the principal feature of which is an approach of so-called endogenous development based on internal resources and local communities in a bottom-up arrangement. According to Barke and Newton (1997), endogenous development implies a process of local social mobilisation and requires an organizational structure which brings together different interests to achieve common goals, a locally agreed strategic planning process and an agreed allocation of resources with the specific purpose of developing local capacity in terms of skills and competencies.

In accordance with the above, the main objective of the LEADER programme is to build on the internal resources of rural regions and support the population living there in considering their long-term development opportunities and implementing plans designed in collaboration (Nemes, 2000). The main characteristic of the LEADER programme is decentralized rural development method in which local partnerships play a crucial role (Kis, 2006).

In conformity with the principle of subsidiarity, a development programme is to be designed and managed by development groups (LAGs as local partnerships) established at sub- or micro-regional level, coordinating the representatives of entrepreneurs, NGOs and the public sector by involving the population living there. Thus, LEADER breaks away from centralized, centrally managed, top-down support systems, one of the specificities of which is that local problems, opportunities and solutions are not known at a central level, therefore in many cases they do not offer real roads for development as they do not enable the implementation of development programmes based on local needs.

As a result of the above, application of the endogenous development or the LEADER approach has become an organic part of the European rural development policy (Figure 1). It is underpinned by Vince (2008), who argues that EU's rural development policy increasingly put more emphasis on the endogenous, LEADER-type development.

Figure 1: The 3P triangle of rural development (levels of realization of the rural development policy)



Source: Own presentation

Note: The share of the „Rural Development Strategies of Local Action Groups” not proportional with the financial contribution of the EAFRD, which represents around 6% at EU level between the periods of 2007-2013.

The multi-level interpretation as shown by the figure above makes possible to integrate each level (the 3P refers to the first letter of policy, programme and project), since realization of the rural development policy can be interpreted as a purpose-mean type realization of the levels built on each other; the important part of which is the application of the LEADER approach. It is proved by the fact that since the introduction of the LEADER programme, as a Community Initiative, in 1991 – introduced in order to explore and form new, innovative approaches of rural development – it has become the important element of the mainstream rural

development policy (mainstreaming) due to the success of the programme started as an experimental form of local rural development. „The EU's declared objective for LEADER was to find innovative solutions to rural problems which could reflect what is best suited to specific areas and also serve as models for developing rural areas elsewhere" (Sucksmith, 2000: 1). However, the LEADER is not only a successful form or way of rural development but also a concept, a model that pervades and embraces the whole process of programming and execution of rural development from the policy level to the implementation of projects. Nemes and High (2009) call attention to the fact that while the LEADER principles and methods infiltrating to the mainstream EU policies, the LEADER programme itself lost much of its initial flexibility, innovativity.

3. Local rural development and partnerships

Moseley (2003a: 1) argued, as a thesis of his book, „...that rural development can only be pursued successfully at the local level, none of them is more important than local development...". In his books, Moseley (2003a,b) wrote about five reasons why should insist on local dimension of rural development. These are: (a) local diversity, (b) rural issues (problems) are interlocking, (c) local identification and mobilisation, (d) adding value to local resources, and (e) a defence against globalization. Moseley (2003a: 7) defines local development as „the pursuit of development at a local scale with the aim of addressing local concerns, adding value to local resources and mobilising local actors"... , and he adds that „local rural development is local development as nuanced by rurality."

According to Walsh (1996) local development is „more than a scaling down of interventions previously organised from the top by centralised policy making units, and delivered through sectoral agencies with little emphasis on coordination or integration... it is a radical response that seeks to achieve new objectives in relation to the development process by focusing on concepts such as multi-dimensionality, integration, coordination, subsidiarity and sustainability" (Walsh, 1996: 159). In this context Walsh (1996) suggested three specific but interrelated rationales and/or tasks for local development: (a) to overcome market failures, (b) to improve local capacity, and (c) to facilitate local empowerment. They have the following meaning: (a) doing socially useful things that are generally unattractive to the market, such as delivering services in sparsely populated areas and integrating environmental concerns with economic development; (b) improve the ability of people and organisations to engage, actively participate in development process; and (c) giving local actors more authority and power to influence (Moseley, 2003a). At the heart of local developments are partnerships that engage people and organisations from the public sector, the business community and civil society in specifically addressing development goals (Nelson and Zadek, 2000). But, what are partnerships? How do they function, and what is their role?

OECD (1990: 18) defined partnership as „systems of formalised co-operation, grounded in legally binding arrangements or in formal undertakings, co-operative working relationships and mutually adopted plans among a number of institutions". Mitchell (1997: 156) provides the following, somewhat different definition of partnership, which is „...a mutually agreed arrangement between two or more public, private or non-governmental organizations to achieve a jointly

determined goal or objective, or to implement a jointly determined activity, for the benefit of the environment and society”.

Hutchinson and Campbell (1998) note that there is no single and universally accepted definition of partnership. Different commentators from the various fields of study define partnership in different ways. Despite this a number of common elements can be identified, which characterise partnerships. Common partnership characteristics are as follows: (a) bringing together a range of interests drawn from more than one sector; (b) seeking to develop common aims and a strategy to achieve them; (c) sharing risk, resources and skills; and (d) seeking to achieve mutual benefit and synergy.

As Cawley (2009) notes, that in 1988, when the European Commission published the document entitled “The Future of Rural Society”, partnership became part of the EU's commitment to subsidiarity, a principle which seek to involve local communities in policy making at the level at which policy is implemented. The commitment by the European Commission to subsidiarity was reaffirmed at the Cork Conference in 1996 (CEC, 1997: 2): “Given the diversity of the Union's rural areas, rural development policy must follow the principle of subsidiarity. It must be as decentralised as possible and based on partnership...”

In order to achieve objectives and successfully implement local development initiatives it is necessary to adopt certain basic principles, which can be categorized as follows (Walsh, 1996): (a) partnerships structures (as an organizing model); strategic planning (as a methodology); and animation, facilitation and capacity building (as processes for implementation). In connection with the above Ray (1998: 80) highlights that “the LEADER approach was defined by the European Commission more as a set of principles than through pre-ordained, technocratic, sectoral measures”. The basic principles underlying the LEADER approach are the followings (CEC, 2006): (a) area-based approach, (b) bottom-up approach, (c) local partnerships (local action groups, LAGs), (d) facilitating innovation, (e) integrated and multi-sectoral actions, (f) networking, (g) cooperation.

With respect to the above, in his book, Moseley (2003b) gives an overview about the outcomes of rural development partnerships, and how partnerships add value to rural development. Moseley identifies six outcomes that strongly and three outcomes that moderately related to partnerships (see Table 1).

All in all, according to Moseley (2003b: 6) „the hope has been that partnerships respond more successfully to the diverse and interrelated issues that characterize rural areas today than do agencies and other actors working alone”. There is, underlying all of this, a belief that local partnerships add value to the resources they are endowed with, that they are more than mere tools of cooperation and/or coordination, they generate true partnership effect, which can stimulate socio-economic development (Moseley, 2003b). This is confirmed by Nelson and Zadek (2000) who emphasise that partnerships can achieve beneficial outcomes in a more effective and efficient way than the participants acting alone. According to the authors partnerships provide added value because they enable partners to pool their resources. They argue that added value or additional benefits over additional cost of partnership is the ultimate indicator of partnerships' success or failure (Nelson and Zadek, 2000).

Table 1: The outcomes of rural development partnerships

Outcomes strongly related to partnerships	Outcomes moderately related to partnerships
Effectiveness (the ability of the partnership to achieve its goals)	Legitimation (the formal or informal acceptance of the partnership or its contribution (products and services) by the local community)
Endogenous development (development that mainly driven from within and oriented towards the local area)	Organizational sustainability (the ability of the partnership to sustain itself and its work into the future)
Capacity building (the improvement of the technical, social and organizational skills of people in the partnership and the area)	Sustainable development
Integrated development (whereby projects are synergistically linked)	
Innovation (the introduction of new behaviour and practices)	
Community involvement (whereby the local community is actively involved in the work of partnership)	

Source: Moseley, 2003b

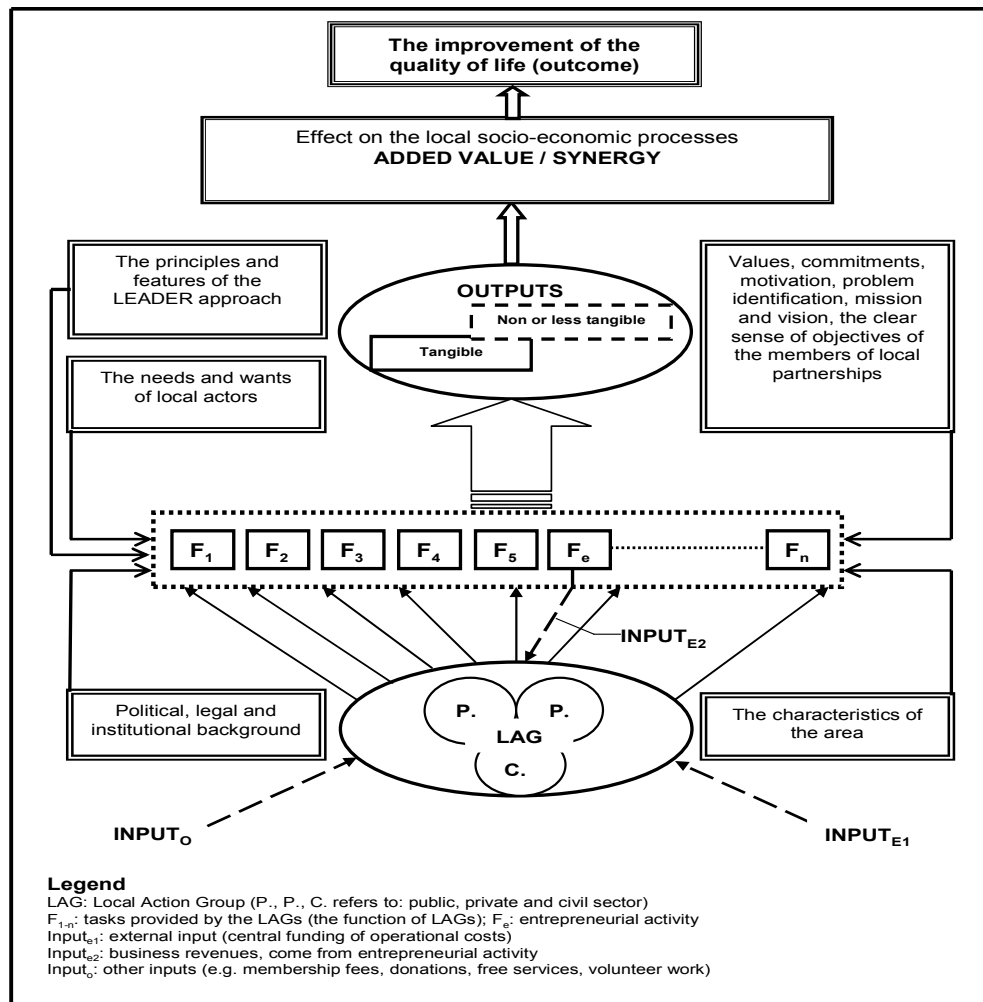
4. The role of local partnerships in rural development

In the framework of the LEADER programme, important elements of the institutional system enforcing rural development policies include LAGs – organizations for development established in rural areas throughout Europe –, intended to elaborate and implement strategies for sustainable development. As a consequence of the above, LAGs play an important role in the implementation of rural policy objectives in local level. However, in conjunction with strategy implementation, the role of LAGs in the efficient use of funds is not ended by planning and drawing up local development strategies. As funds are used, specific activities and developments are realized at a project level, local players' capacity building and ability to act are required to be boosted in order to provide a basis for the successful and efficient use of development funds. Thus, efficient strategy implementation and furthering the development of a given rural area requires on-going active work, in the course of which LAGs must become real organizing forces in the development of their area (Kis and Szekeresné Köteles, 2010).

The role of action groups in the implementation of Local Rural Development Strategies cannot be restricted only to the distribution of the development funds coordinated by them: their operation spans over a much wider range of activities in which the mobilization of local communities, partnership building, generation of cooperations, skills development, promotion of sustainable development, and endeavours to interlink developments for complexity should appear as important aspects. Actually, efficient strategy implementation requires an increase in the ability and cooperation of local players, necessitating the completion of a variety of tasks. It is important to stress that rural development, as well as local development is a process as a result of which the objectives set can

be realized. So, the process itself is at least as important in the course of the implementation of the LEADER programme as measurable and quantifiable results.

Figure 2: The impact mechanism and determinations of the operation of LAGs



Source: Kis, 2011

The previously mentioned support that in case of the LEADER programme, which is characterized by participation, cooperation, partnership and community initiatives, community development and capacity building (formation and development of abilities) should absolutely precede or complement the actual implementation of local development strategies. Since, first it is necessary to assure the broad participation, people and organizations should be involved in the process of development; communities, cooperations, partnerships should be formed and strengthened and then make the community able to form their own future, to manage their life. Only after this it is expected that the local development

work effectively and efficiently serves the fulfillment of needs and improvement of life quality of people living there. At the heart of the LEADER philosophy is the belief in local communities that they are able to solve their problems in the community level. For this, it is necessary to build communities apt to act in the establishment of which community development and capacity building can assist. Consequently, first, communities or society must be built, develop, which is the basis for everything else. In the Figure 2 I am showing the impact mechanism of LAGs' operation and factors which determine their activities.

In case of rural areas it is typical that they have to face many challenges and they have to find the path for development that suits their particular conditions. In this process the local governments, civil organizations, enterprises and their partnerships based on efficient relationships between them have a decisive role. The one of the significant insitutionalized forms of this type of cooperations are the LAGs (local partnerships) formed within the LEADER programme. The LAGs can use various inputs for their activities, and several factor determine the scope of their tasks to be performed, which can be divided in five main groups according to their nature: (a) principles and features of the LEADER approach; (b) needs and wants of the local actors; (c) characteristics of the area; (d) features/quality of the LAGs' members (values, commitment, motivations, problem recognition, mission, objective orientation of the members of the local partnership); (e) political, legal and institutional background (Kis, 2011).

Naturally, the specific tasks are realized locally, since endowments of the area, development needs, and characteristics of the LAGs' members change from settlement to settlement, from region to region. Thus, it is difficult to describe them specifically. The operation of LAGs, and thus the success of the application of the LEADER approach are considerably influenced by the role of legislation, cooperation and coordination of the managing authority responsible for the implementation of the rural development programme and the organizations involved in this process. Yet, we can say that in the given conditions success of the LEADER programme considerably depends on the capacity of the local community to act and assert its interests, therefore it is absolutely necessary to improve them in which the LAGs have a prominent role. The proactive operations of LAGs, their activities to organize local society make it bossible and greatly contribute to achieve that social changes assist the realization of economic objectives, enabling more effective and efficient development work.

Through their activities, tasks and functions the LAGs induce a synergy effect which is actually the positive contribution of the LAGs to shaping territorial processes. In this way, synergy is the added value of the LAGs operation, a joint effect coming from the improvement of the relations between the stakeholders. The added value is certainly not equal to the resource distribution role of the LAGs, it is more than that. This surplus or synergistic effect can be created only with community development and capacity building. Synergy results in new structures, it puts in place new mechanisms which, due to their favourable effects on socio-economic processes lead to the improvement of the quality of life. Consequently, through their role in local development, the LAGs mean a significant community organizing force, so they are important institutions of local development, of the implementation of rural development.

5. Focusing on the effectiveness, efficiency and sustainability of local rural development

In this part, I am examining the experiences of implementing LEADER approach from the viewpoints of effectiveness, efficiency and sustainability, using the relevant analyses published on this subject. First of all, I consider necessary to clear up some concepts and relationships.

In general, effectiveness can be described as the achievement of the objective set. We can say that something is effective when it realized the objective set, gained the set result. Thus, effectiveness is the measure of the achievement of the planned result, expression of how much it was successful to form objectives into results. In this present case, effectiveness can be defined so if it was successful, or how much it was successful to realize the objectives set in the Local Rural Development Strategy. Of course, in case of the LEADER approach effectiveness cannot be separated from the added value coming from the successful adaption of the method put into practice. Since the LEADER does not strive only to implement the project, to simply realize the objectives or to achieve tangible results. It is clear from the previously mentioned that the further aim of implementing the LEADER approach is to gain non or less tangible result, to create a kind of surplus or a joint effect, which is not possible with other types of development interventions.

Efficiency always means a relationship between a certain output and a certain input category, which in case of evaluation of spatial development programmes the indicators of output, result and effect are related to resource (input) indicators (Nábrádi et al., 2009). These definitions can be found in the EU's financial regulation, as well, which specifies that the Union's budget shall be used with regard in particular to the principles of efficiency and effectiveness. According to the regulation, efficiency is concerned with the best relationship between resources employed and results achieved, while effectiveness is concerned with attaining the specific objectives set and achieving the intended results (EC, 2002). The concept of sustainability and sustainable development – stressing the coordination of economic, social and environmental considerations – is an indispensable basic principle of all developments in the 21st century, including rural development. According to the definition published in the famous Brundtland Report the sustainable development is a form of development „...which meets the needs of the present generation without endangering the chance of the future generations to be able to meet their own needs” (Csete and Láng, 2005). If the objective is sustainability, the sustainable development means the way there to the realization of which the local development provides the best solution (Moseley, 2003a).

The basic conception behind the LEADER approach is that, the local strategies carried out according to the basic principles and features of the programme make a more effective and efficient development possible and contribute to a greater extent to the sustainable local development than the traditional, top-down type of development (EC, 2006). Thus, the success of the programme depends on how and to what extent the basic principles and features are put into practice.

Now, I am examining the application of the LEADER method in the local rural development from the viewpoints of effectiveness, efficiency and sustainability,

based on the evaluation of the last two LEADER programmes – LEADER II (ÖIR, 2003) and LEADER+ (ECA, 2010). Experts' evaluations examining the adaptation of the LEADER approach called the attention to the fact that there are many factors which affect the successful adoption of the method and indicates that it cannot be adopted by putting its principles and features into practice every time and every place. According to the examined viewpoints Table 2 shows the factors which helped or hindered the positive effect of the LEADER method in the local development. It can be seen from the table that there is a significant difference between the findings of two expert analyses, which is food for thought.

Table 2: The impact of the implementation of the LEADER features on effectiveness, efficiency and sustainability

Success factors	Hindering factors
Effectiveness	
*Adaptability to every rural socio-economic and governance context	*A too short implementation time
*Capacity to bring local actors, administrations, and support structures closer together	*A disempowering administrative environment
*Ability to mobilise additional efforts of committed local actors	*The prior existence of similar initiatives at the local level
*Responsiveness to small-scale activities and projects	**Overly bureaucratic implementation, lengthy procedures (long and detailed grant application forms required, delays of payments)
	**The lack of measurable objectives, specific to the area in the strategies, that can be achieved by the LEADER approach; more intention and less about the situation it aims to achieve
	**Monitoring focusing on detailed information about projects rather than on achieving objectives and adding value
	**Local strategy objectives were not a determining factor in project selection
	**Insufficient capacity building, animation and stimulation
	**The lack of focus on achieving local strategy objectives
	**The selection of weak strategies with non-specific objectives and a lack of clear intervention logic
	**Poor or non-existent provision for monitoring and evaluation of the strategies
Efficiency	
*The closing of the gap between a top-down programme and local needs / aspirations	*A too short implementation time

*A mentality change from passive to active attitude	*A disregard of the bottom-up approach
*The responsibility conveyed to local partnerships	*A weak and unrepresentative local partnership (lack of legitimation)
*Direct and indirect effects on strategic issues (e.g. job creation and new investments in key sectors, diversification)	**Less effort to maximise the efficiency of the grant expenditure (e.g. the objective is to spend the maximum amount possible, rather than to achieve the maximum results possible)
**Sharing of experiences and promote best practices	**Deadweight effect (e.g. funding already completed projects)
	**Award grants to independent projects and supporting promoters in their normal activities
	**Monitoring focusing on detailed information about projects rather than on achieving objectives and adding value
	**Conflict of interest – LAGs providing grants to its own members
	**Insufficient capacity building, animation and stimulation
	**Overly bureaucratic implementation, Inflexible, lengthy procedures (long and detailed grant application forms required, delays of payments etc.)
	**Most of the strategies contained few concrete details about how the LEADER approach would be implemented
Sustainability	
*New avenues for creating added value or synergies between existing value added chains	*The disruption of the local partnership and of technical assistance by cutting funds abruptly at the end of the period
*Capacity building at the local level around partnership	*High fluctuation rate of key actors
*Increased public-private co-operation	*The continued dominance of a single sector or of public actors in the local partnership
*Integration of environmental concerns	*The relatively small size and impact of the intervention compared to other influence factors
*The programme provided the European, yet global perspective how to implement local development	**Insufficient capacity building, animation and stimulation
	**The selection of weak strategies with non-specific objectives and a lack of clear intervention logic

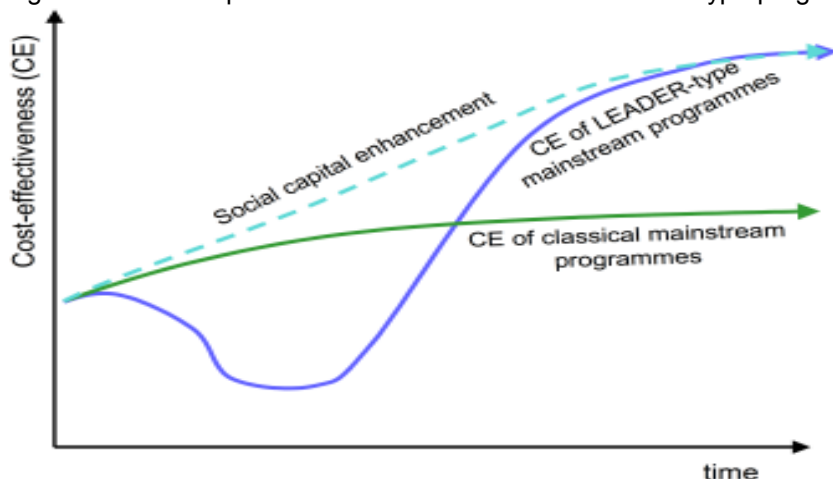
Source: Own presentation based on *ÖIR (2003) and **ECA (2010)

Summing up the results, it can be stated that according to the analysis carried out by the Österreichisches Institut für Raumplanung (ÖIR, 2003) it has been proved appropriately that the implementation of LEADER method considerably contributed to the effectiveness, efficiency and sustainability of rural

development processes and measures, and to the creation of added value. However, the report of the European Court of Auditors (ECA, 2010) found that there is little evidence on the effectiveness of LEADER programme in achieving rural development objectives or the added value of the LEADER approach.

In another study of ÖIR, on the basis of the impact assessment of the implementation of the LEADER approach, it was concluded that in certain areas as a result of participation, partnership and cooperation the social capital has obviously strengthened which had a positive effect on the efficiency and sustainability of developments. The results obtained from the analysis are shown in Figure 3, which illustrates that in the early phase of classical (mainstream) programmes can be implemented with better cost efficiency, but as a result of participation, partnership and capacity building the social capital is increased. This enrichment of social capital leads to an increase in efficiency in programme implementation, thus in a longer term the cost efficiency of the LEADER-type programme exceeds the similar index of the mainstream programmes (ÖIR, 2004).

Figure 3: Social capital and cost-effectiveness in LEADER-type programmes



Source: ÖIR, 2004

The ECA report states that LAGs did not achieve the full advantages of the LEADER approach and did not make efforts of their own accord to increase the efficiency and effectiveness of programme implementation. The report has shown that in case of the LEADER, the added value and the efficient and effective implementation of local strategies cannot be taken for granted. It is the Court's opinion that it is absolutely necessary to respect and observe the basic principles of the LEADER approach in order to realize the expected results and added value, when implementing LEADER-type local rural development. The report, on the whole, is critical and damning, although it mentions that there are examples where the programme is working well and lived up to expectations (ECA, 2010). On the basis of the ÖIR study, it is clear that the successful adaption of the LEADER approach benefits rural areas, the key element of which is the creation and strengthening of social capital. However, the ECA report points out that the expected benefits of the LEADER approach does not follow automatically its

application to the local rural development. What should be done? How can the result of the LEADER be improved?

To improve the effectiveness and efficiency of the programme and its impact on sustainability, first of all, it is necessary to strengthen and maintain the factors of success, secondly, to transform and to avoid the factors which hinder or reduce the successful adaptation of the LEADER method. The following should be mentioned in this context.

The basis of the success of the LEADER approach is the attitude which is appropriate to the conception and ideas of the method. Acceptance of the principles and values of the LEADER and identification with them are of great importance in it. It is important to stress that rural development, local development is a process as a result of which the objectives set can be realized. Capacity building and community development are its important elements that help to form and strengthen skills and abilities by which communities become able to manage local development, to realize their common goals effectively and in a sustainable way. A basic component of the LEADER philosophy is trust in local communities that they can solve their own problems in a community arrangement. However, this necessitates capacity building in the population and organizations of the area to enable them to do so, thereby being able to work towards helping themselves to improve the quality of their lives. Capacity building can include a variety of activities, such as training for participants and stakeholders, assisting the flow of information between them, improving communication, encouraging connections, encouraging thinking differently, establishing norms and values, presenting on the advantages and opportunities of cooperation, etc. As a result of capacity building, local communities become more active, effective and efficient in the processes of programming, strategy development, and implementation as well. The capacity building, the essence of which lies in the creation and development of social capital that could benefit the whole community, is a process which should necessarily precede and complement the design and implementation of local development strategies. It is a means to achieve that social changes assist the realization of the objectives set out in the strategy, enabling more effective and efficient development work and contributing to sustainable local rural development. It is important to emphasize that it can take several years to enhance the capacity of local communities to take action according to the local circumstances.

Although, the LAGs are primarily responsible for implementing LEADER approach and they are who can create the expected added value through their activities, I think it is important to stress that the success of local development work is highly influenced by the horizontal and vertical relationships between the stakeholders. In this regard, the decentralization along the management chain in accordance with the principles of subsidiarity, the cooperation and coordination between the different actors can be highlighted. Effective and efficient planning and implementation of local strategies for sustainable development requires that the central power, guided by clear principles and values, should form a well-defined, transparent regulation, financial and institutional structure. Establish a system of monitoring and evaluation is an essential part of it, which provides guidance for the LAGs and allows measuring and monitoring their performance. The LAGs should therefore recognize their mission, and from the financial and regulatory side, they must be enabled to fulfill the tasks and functions expected from them.

6. Conclusions

In the 1980s, the EU's rural development policy shifted towards endogenous development, as introduced into the practice of rural development in the framework of the LEADER programme. The LEADER as the new model of rural development policy, the new paradigm of development focuses on participation, cooperation and utilization of the local resources.

The basic institutions of implementation of the LEADER programme are the LAGs, which have a great role in the local development with their proactive operation. In my opinion, the most important task of the LAGs is to improve the social capital available in their areas of operation, the utilization of which as a real resource is based on the cooperation of local actors. Cooperation enables the inclusion of social capital – as a resource to support action – in spatial processes, thus creating a new combination of resources which may greatly contribute to the success of the LEADER programme and to the development of settlements and areas affected by LAGs on the basis of local resources.

Community development and capacity building provide assistance in creating and developing social capital, as a result of which relationships as usable resources, that is, functional communities are created. In order to become real organizing force in their area, the LAGs should play a catalyst role which can create synergy which results in the improvement of life quality by its positive impact on the socio-economic processes.

The impact assessment of the implementation of the LEADER approach showed that in spite of several positive examples, there are many factors which hinder the wide adoption of the features of the programme into practice, thus realization of results and impacts expected from it in the process of local development. Therefore, it is absolutely necessary to maintain and strengthen the factors of success and to avoid factors which weaken or hinder the effective adaptation of the method. In this regard, the key challenge is that the LAGs should recognize their mission, the central power should support from the financial and regulatory side, respectively allow them to fulfill the tasks expected from them, thereby it can be hoped that the possibilities provided by the LEADER approach can be utilized in the local rural development.

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